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GOVERNOR

STATE OF MICHIGAN
DEPARTMENT OF LABOR & ECONOMIC GROWTH
LANSING

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Analysis of House Bill 4459 (As Introduced)

Topic: Manufactured Housing Resident Rights
Sponsor: Representative Accavitti
Co-Sponsors: Representatives Wojno, Byrnes, Ward, Condino, Hune, Casperson, Miller, Anderson, Tobocman, Vagnozzi, Gillard, Farrah, Leland, Phillips, Donigan, Plakas, Kehrl, Sak, Stahl, Stewart, Lipsey and Hopgood
Committee: House Local Government and Urban Policy
Date Introduced: March 8, 2005

Date Enrolled:

Date of Analysis: April 6, 2005

Position: The Department of Labor & Economic Growth supports the bill but would have preferred more substantial penalties.

Problem/Background: Affordability is one of the reasons that manufactured homes are a popular source of housing. The average sales price of a manufactured home is less than one third the average cost of a site-built (also called stick-built) home. Over one-fifth of the single-family housing starts in 1999 were HUD Code manufactured homes. Over one half million Michigan residents live in manufactured housing communities. According to the American Association of Retired Persons, people who bought manufactured homes in 1999 had median incomes 25% less than the national median. Median net worth of owners is less than 60 percent of the net worth of all homeowners. Owners tend to be either very young or elderly. Minorities have traditionally been underrepresented in manufactured housing, but their numbers are growing.

The industry has changed over the years. The trailer coach parks designed primarily for transient residence have given way to manufactured housing communities designed for long-term use. The advent of the federal Manufactured Home Construction and Safety Standards Act and the Department of Housing and Urban Development's Code has improved the quality of the manufactured home. Built in a factory environment under controlled conditions manufactured homes are arguably constructed to standards that are equally as stringent as those applying to site-built homes. Meanwhile, the market has shifted somewhat from its original focus on affordable housing to the construction of planned communities with recreation centers, pools, golf courses, and other common areas; utilities, extensive road systems, and other amenities.

Manufactured housing communities, manufacturers, dealers, installers, and repairers are licensed by the Department of Labor & Economic Growth. The Mobile Home Commission was created in 1977 by statute to eliminate restrictive, discriminatory practices relating to mobile homes and

to build consumer confidence in this housing choice. The Commission consists of 11 members representing the industry and consumers. Members are appointed by the Governor with the advice and consent of the Senate. Michigan currently has 1,166 licensed manufactured housing communities.

Description of Bill: House Bill 4868 would enact the Manufactured Home Owners' Residency Act. The bill establishes a number of rights for manufactured home owners. Provisions in Section 4 of the bill include the following:

- A park owner is prohibited from denying a park resident to sell his or her manufactured home within the manufactured home park at a price determined by the resident. The purchaser must be qualified for tenancy and the manufactured home is required to be in compliance with park rules and regulations. A park resident may not require a resident to remove his or her manufactured home from the park solely on the basis of a sale or proposed sale or for purposes of park renovation or modernization.
- A park owner is required to permit the use of up to two "for sale" signs measuring less than 18 inches by 24 inches in the windows of a manufactured home or on a manufactured home located within the park. The home must have been inspected and approved for sale in the park in accordance with the park's rules and regulations.
- A park owner is required to allow the placement two political yard signs per manufactured home site that measure more than 22 x 28 inches during a period that begins 4 weeks before and 1 week after an election. "Political yard sign" is defined as a campaign sign indicating a position on a candidate or proposal.
- A park owner may not restrict the right of a resident to hear from public officials and political candidates on the premises of a manufactured home park.

If a park owner chooses to develop rules to regulate the size and weight of trucks within the manufactured housing community, the rules shall not prohibit commercial pickup trucks solely on the basis of the fact that it is a commercial pickup truck.

A park owner is prohibited from threatening or initiating an unlawful eviction. Reference is made to Section 5775 of the Revised Judicature Act of 1961.

A park owner may not prohibit a resident from organizing a homeowners association for any purpose. Use of common areas of a manufactured home park may not be denied to a homeowners association if the association agrees to use the common areas on the same terms and under the same conditions as residents use those facilities. Permissible terms and conditions include, but are not limited to, payment of rental fees and damage deposits and agreements relating to cleanup responsibility.

A park owner that charges park residents for utilities may offer a discount incentive to a park resident for early bill payment.

Thirty days' notice is required before increasing a fee, charge, or other type of assessment relating to a manufactured home park residency. A park owner is prohibited from establishing a rule or regulation that is unreasonable, arbitrary, or capricious. A rule, including one related to

eviction, may not be enforced by a park owner in retaliation for a park resident's attempt to secure or enforce rights provided in the bill or any other state law or ordinance.

The Attorney General or an affected individual may bring an action to enforce the bill's requirements. A person whose rights are affected is entitled to recover actual damages or \$250, whichever is greater. The court may also consider equitable remedies, including, but not limited to injunctive relief.

Summary of Arguments

Pro: These bills are needed to strengthen resident rights. Legislators have heard far too many stories of residents being harassed and intimidated if they try to organize or join an association. Where associations have been created, some communities have attempted to prohibit the association from using the common areas normally accessible to residents. Rules in some communities have substantially limited the ability of residents to sell their homes. Other communities have tried to limit legitimate political activity.

Although the requirements in the bills may be covered elsewhere, it will be helpful to consumers to compile these rights into two well-publicized statutes.

Con: The bills are unnecessary. Virtually everything in the bills is covered in other statutes. Enactment of these bills would needlessly confuse the consumer.

The penalties in the current bill are substantially reduced from those in a bill that passed the House in 2004. As a result, the bill is unlikely to be effective in preventing manufactured home park owners from enforcing unreasonable rules and intimidating residents desiring to create an association.

Fiscal/Economic Impact

(a) Department

Budgetary: There will be no budgetary impact on the department.

Revenue: The bills will have no impact on department revenue.

Comments:

(b) State

Budgetary: The bills will have no direct budgetary impact on the state.

Revenue: The bills will have no impact on state revenue.

Comments:

(c) Local Government

Comments:

Other State Departments: By creating a new cause of action, the bills may affect the Attorney General.

Any Other Pertinent Information: This bill appears to be identical to House Bill 4868, which passed the House and Senate in 2004. The bill died at the end of the session with the remainder of the manufactured housing package.

Administrative Rules Impact: The bills will have no administrative rules impact.